Ku-ring-gai Financial Services Limited

ABN 56 103 129 184

Half-year Financial Report - 31 December 2023

Ku-ring-gai Financial Services Limited
Directors' report
31 December 2023

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2023.

Directors
The following persons were directors of the company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

David Langdon (Appointed 15 November 2023)
Julie Fidler (Appointed 15 November 2023)
Jennifer Anderson (Appointed 15 November 2023)
Sara Adams (Retired by rotation 15 November 2023)
Christopher Bradley Williamson (Retired by rotation 15 November 2023)
Catherine Anne Harris (Not re-elected 15 November 2023)
Zoe Gilliland (Not re-elected 15 November 2023)
Adrian Gordon Fong (Not re-elected 15 November 2023)
Jason Conor Grindlay (Resigned 20 November 2023)
Stephen Peter Brickett (Resigned 21 November 2023)

Principal activity
The principal activity of the company during the financial half-year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

Review of operations
The profit for the company after providing for income tax amounted to $548,388 (31 December 2022: $771,065).

Operations have continued to perform in line with expectations.

The Reserve Bank of Australia (RBA) increased the cash rate by 2.25% during the previous period from 0.85% to 3.10% at 31 December 2022. Since then the cash rate has increased by 1.25% to 4.35% as at 31 December 2023. The increased cash rate has had a direct impact on the revenue received by the company.

While the cash rate has increased, from 1 July 2023 Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has impacted the income earned on these products.

Significant changes in the state of affairs
As disclosed in the company's 30 June 2023 financial report, on 14 July 2023, the company closed its Turramurra branch prior to the expiry of the lease agreement on 4 August 2023. The company's operations have since been consolidated into its Lindfield branch.

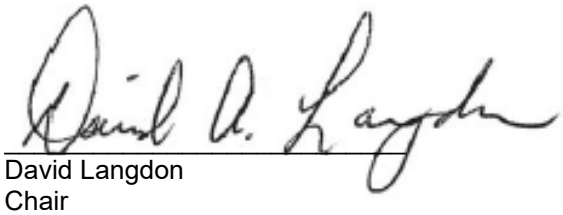
There were no other significant changes in the state of affairs of the company during the financial half-year.

Matters subsequent to the end of the financial half-year
No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



David Langdon
Chair

8 March 2024

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Ku-Ring-Gai Financial Services Limited

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2023 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
ii. any applicable code of professional conduct in relation to the review.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 8 March 2024

Lachlan Tatt
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation.

Ku-ring-gai Financial Services Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31-Dec-23 $	31-Dec-22 $
Revenue from contracts with customers	2	1,535,067	1,962,928
Other revenue		3,510	3,509
Finance revenue		78,007	26,139
Total revenue		1,616,584	1,992,576
Employee benefits expense		(498,865)	(536,673)
Advertising and marketing costs		(54,061)	(64,191)
Occupancy and associated costs		(29,913)	(22,921)
Systems costs		(41,232)	(36,425)
Depreciation and amortisation expense		(70,192)	(126,087)
Finance costs		(7,017)	(23,134)
General administration expenses		(154,351)	(111,947)
Total expenses before community contributions and income tax		(855,631)	(921,378)
Profit before community contributions and income tax expense		760,953	1,071,198
Charitable donations, sponsorships and grants expense		(32,800)	(39,960)
Profit before income tax expense		728,153	1,031,238
Income tax expense		(179,765)	(260,173)
Profit after income tax expense for the half-year		548,388	771,065
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		548,388	771,065
		Cents	**Cents**
Basic earnings per share		24.36	34.25
Diluted earnings per share		24.36	34.25

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Ku-ring-gai Financial Services Limited
Statement of financial position
As at 31 December 2023

	31-Dec-23 $	30-Jun-23 $
Assets		
Current assets		
Cash and cash equivalents	4,042,079	3,819,270
Trade and other receivables	335,560	357,902
Total current assets	4,377,639	4,177,172
Non-current assets		
Property, plant and equipment	29,666	45,156
Right-of-use assets	197,024	248,813
Intangibles	66,681	8,188
Deferred tax assets	64,237	85,290
Total non-current assets	357,608	387,447
Total assets	4,735,247	4,564,619
Liabilities		
Current liabilities		
Trade and other payables	223,966	164,057
Lease liabilities	128,045	133,867
Current tax liabilities	486,522	374,920
Employee benefits	102,718	164,180
Total current liabilities	941,251	837,024
Non-current liabilities		
Trade and other payables	45,838	-
Lease liabilities	113,659	178,698
Employee benefits	602	144
Provisions	32,374	64,310
Total non-current liabilities	192,473	243,152
Total liabilities	1,133,724	1,080,176
Net assets	3,601,523	3,484,443
Equity		
Issued capital	1,258,525	1,258,525
Retained earnings	2,342,998	2,225,918
Total equity	3,601,523	3,484,443

The above statement of financial position should be read in conjunction with the accompanying notes

Ku-ring-gai Financial Services Limited
Statement of changes in equity
For the half-year ended 31 December 2023

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		1,258,525	1,052,195	2,310,720
Profit after income tax expense		-	771,065	771,065
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	771,065	771,065
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	3	-	(163,204)	(163,204)
Balance at 31 December 2022		1,258,525	1,660,056	2,918,581
Balance at 1 July 2023		1,258,525	2,225,918	3,484,443
Profit after income tax expense		-	548,388	548,388
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	548,388	548,388
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	3	-	(431,308)	(431,308)
Balance at 31 December 2023		1,258,525	2,342,998	3,601,523

The above statement of changes in equity should be read in conjunction with the accompanying notes

Ku-ring-gai Financial Services Limited
Statement of cash flows
For the half-year ended 31 December 2023

	Note	31-Dec-23 $	31-Dec-22 $
Cash flows generated from operating activities			
Receipts from customers (inclusive of GST)		1,736,864	1,996,406
Payments to suppliers and employees (inclusive of GST)		(1,026,879)	(955,048)
Interest received		69,502	10,330
Income taxes paid		(47,110)	(15,884)
Net cash generated from operating activities		732,377	1,035,804
Cash flows from investing activities			
Payments for property, plant and equipment		(1,213)	(907)
Payments for intangible assets		-	(26,368)
Net cash used in investing activities		(1,213)	(27,275)
Cash flows from financing activities			
Dividends paid	3	(431,308)	(163,204)
Repayment of lease liabilities		(77,047)	(122,567)
Net cash used in financing activities		(508,355)	(285,771)
Net increase in cash and cash equivalents		222,809	722,758
Cash and cash equivalents at the beginning of the financial half-year		3,819,270	2,379,815
Cash and cash equivalents at the end of the financial half-year		4,042,079	3,102,573

The above statement of cash flows should be read in conjunction with the accompanying notes

Ku-ring-gai Financial Services Limited
Notes to the financial statements
31 December 2023

Note 1. Material accounting policy information

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis for the interim half-year reporting period ending 31 December 2023.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Note 2. Revenue from contracts with customers

	31-Dec-23 $	31-Dec-22 $
Margin income	1,417,831	1,737,896
Fee income	51,078	48,927
Commission income	66,158	176,105
Revenue from contracts with customers	1,535,067	1,962,928

Disaggregation of revenue
The company's franchise agreement with Bendigo Bank provides for a share of interest margin, fee and commission revenue to be earned by the company on the outstanding portfolio of loans, deposits and other business that it has sourced. The company acts as an agent under the franchise agreement with revenue being recognised at a point in time during the reporting period.

Note 3. Dividends

The following dividends were declared and paid to shareholders during the financial half-year as presented in the Statement of changes in equity and Statement of cash flows.

	31-Dec-23 $	31-Dec-22 $
Fully franked dividends totalling 19.16 cents per share (31-Dec-22: 7.25 cents)	431,308	163,204

The tax rate at which dividends have been franked is 25%.

Note 4. Contingent assets and liabilities

There were no contingent assets or liabilities at the date of this report.

Note 5. Related party transactions

There were no transactions with related parties during the current and previous financial half-year.

Note 6. Events after the reporting date

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Ku-ring-gai Financial Services Limited
Directors' declaration
31 December 2023

In the directors' opinion:

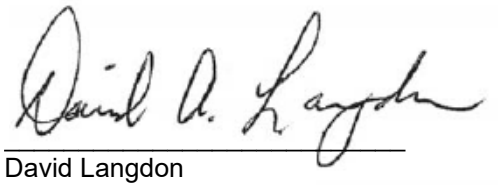
- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard *AASB 134 'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



David Langdon
Chair

8 March 2024

Andrew Frewin Stewart
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Independent auditor's review report to the Directors of Ku-Ring-Gai Financial Services Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Ku-Ring-Gai Financial Services Limited (the company), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of Ku-Ring-Gai Financial Services Limited does not present fairly, in all material respects, the company's financial position at 31 December 2023, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001* and Accounting Standard *AASB 134*: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the of the half-year financial report that is free from material misstatement, whether due to fraud error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Andrew Frewin Stewart
61 Bull Street, Bendigo VIC 3550
Dated: 8 March 2024

Lachlan Tatt
Lead Auditor

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